## CITY OF SAN DIEGO MEMORANDUM

Mary hews

DATE:

May 1, 2007

TO:

Ms. Teresa Quiroz

FROM:

Mary Lewis, Financial Management Director

SUBJECT:

Response to Questions

This memorandum is in response to the questions you submitted to Mayor Sanders and Chief Financial Officer Jay Goldstone via e-mail on April 21, 2007. Your questions are in bold, followed by the City's response.

Page 4- "The remaining 177.37 FTE have been eliminated to standardize the budgeting of hourly personnel and do not represent a reduction in staffing or budget resources."

Could you please clarify exactly which positions have been 'standardized'? For example, how many of the pool guards have been laid off, and how many have simply become hidden in the service line item?

Standardizing these positions is an improvement since all hourly positions will be budgeted in one consistent manner across the City. Several departments already had a significant number of hourly positions budgeted in a single account and not as FTEs. This change will make it more straightforward in how the City counts actual FTEs employed in the departments.

No employees have been laid off because of this change in how hourly positions are budgeted. The same amount of funding is available to the departments; funds were transferred to an account that can be clearly identified and tracked. In addition, budgeting the dollars associated with these positions in a single account gives departments flexibility in hiring hourly staff where and when needed.

Page 14 - "It was determined that all City fleet resources should be consolidated."

How will this affect the new Police Maintenance Facility at Home and Federal? Will this site close? Have the promises to the community regarding the presence of Police been considered in any possible decision to close the facility? Has this decision affected the City's Permit Requirement to complete Phase II by the end of FY09?

The new Police Maintenance Facility (VMF) at Home and Federal is unaffected by the Fleet Consolidation of the City. The Police VMF will remain in full operations and the police presence will remain as it has for the nearly two years the facility has been open. The decision of the Fleet Consolidation does not impact the Permit Requirements to complete Phase II by the end of FY09.

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The Central Maintenance Facility mentioned in the Council Report is the "Central Maintenance Facility" operated currently by the General Service Equipment Division at 20th & B Street in San Diego. This vehicle maintenance facility has been recommended for closure effective July 1, 2007.

Page 14 – "Disability Services moved from Community and Economic Development to the Office of Ethics and Integrity."

Have the salary and wages of the staff of Disability Services been moved to the General Fund, or are they still paid from the CDBG allocation?

Although the 5.00 FTE positions within the Disability Services Program were transferred to the Office of Ethics and Integrity, the funding structure was not changed.

The positions are now recorded in the General Fund as reimbursable positions.

## Page 23 - "Building the Workers' Compensation Fund"

The outstanding balance of \$18 million represents approximately \$16,000 per employee. Instead of simply continuing to pay outrageous workers compensation levels, would it be better to put the money into ensuring that the injuries do not occur in the first place? An aggressively funded fix of such a broken system would be preferable to such everincreasing payments.

The City's current total outstanding liability is approximately \$150 million and is based on an actuarial valuation of claims that have already occurred. The \$18 million represents the reserves currently held to pay for the \$150 million liability.

Public Safety personnel comprise over 70% of all active City claims. One significant contributing factor to this is that based on State law, certain claims to Safety Officers (sworn Police and Fire Fighters), such as back injuries, heart problems, cancer (in any form), pneumonia, tuberculosis and hernia (any type) are presumed to result from an industrial injury. For these types of injuries, expensive by their nature, the City must prove that causation resulted from a non industrial event. Otherwise, the City is obligated to pay for the injuries.

The City agrees that preventing injuries in the first place is the desired goal, and that preventative and proper training is both necessary and can help reduce costs. However, an effective safety training plan can only mitigate against future potential injuries and their associated costs. It does not eliminate or otherwise positively impact the City's current obligations arising out of past claims that have already been filed.

The City continues to look for better ways to prevent and manage claims. Several enhancements have been made to how injuries are reported, tracked and analyzed. Injury related costs have decreased over the last three years from \$26 million in FY 2003 to \$22 million in FY2006. The decrease is primarily due to a revised emphasis on safety and a recently implemented workers'

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compensation legislative reform.

## Page 23 - "Building the Public Liability Reserve Fund"

Again, it would be much more prudent to use the taxpayer money to stop the illegal acts from occurring in the first place. Special attention should be paid to the violations of CEQA, and the attitude of some Council members and highly-paid officers that the answer to all problems is, "so sue us". Will the Mayor's office be looking into ways to reduce the amount taxpayers have to pay for this?

The City's current total outstanding liability is approximately \$100 million and is based on an actuarial valuation of claims that have already occurred. There are currently no reserves set aside for these liabilities and it is prudent to begin to do so. The Mayor has established strict ethical guidelines for the City workforce to ensure that City employees are aware of and sensitive to how their actions impact the City and the citizens they serve.

## Page 26 - "The Auditor and Comptroller will release inactive fund balances."

The \$2.1M released will come out of one fund, the GASB 31 Fund (Fund 10327).

Page 36 – "A special tax levy of \$5 per \$100,000 of assessed valuation is used to fund zoological exhibits within the City."

Charter Section 77a requires a levy — "in addition to all other taxes provided for in this Charter" - of not less than two cents for each \$100 of the assessed valuation of the real and personal property. It states the tax must be used "exclusively for the maintenance in Balboa Park of zoological exhibits".

This budget gives all the tax levied to the Zoo. However, there are other 'zoological exhibits' within Balboa Park (i.e. the Botanical Gardens and the koi pond), and some of the funding should be spread out in accordance with the Charter. Would it not be more prudent to use some of that tax on other parts of Balboa Park?

The zoological exhibits in Balboa Park are financed from a fixed property tax levy of \$.02 per \$100 of assessed valuation mandated in the City Charter, Section 77A. Subsequent to the adoption of Charter section 77a, Section 135 of the California Revenue and Taxation Code changed the definition of assessed valuation to "full value" where it had previously been 25 percent of "full value." Pursuant to Section 135(d) of the California Revenue and Taxation Code, a conversion factor of one-fourth (1/4) is applied to the tax rate, which changes the rate to \$.005 for purposes of translating the Charter Section 77a tax rates to the new definition.

The Fiscal Year 2008 Proposed Budget allocates all the applicable tax levy to the San Diego Zoological Society, which is a conservation, education, and recreation organization dedicated to the reproduction, protection, and exhibition of animals, plants, and their habitats. The Fiscal Year 2008 Proposed Budget is in full compliance with the City Charter Section 77A.

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Page 72 – Development Services, 0 – 65, Neighborhood Code Compliance, 73-0.

Has the Neighborhood Code Compliance section lost 8 of its employees, or are they shown elsewhere?

The following positions have been eliminated: 2.00 vacant Code Compliance Officer positions have been and 6.00 FTE's were cut due to BPR.

Page 103 – Housing Commission Expenditures

Please explain why the "Housing Programs" budget for the Housing Commission has been reduced by \$48,077. Is this not the core job of the Housing Commission, and will this impact the programs?

The San Diego Housing Commission (SDHC) requests that all Inquiries from a citizen be directed to:

Erika Rooks 578-7551 erikar@SDHC.org

Please mention in your question that it is in regard to the information published in the Agency section of Proposed Budget Publication for the City of San Diego.

cc: Mayor Sanders

Ronne Froman, Chief Operating Officer Jay M. Goldstone, Chief Financial Officer Andrea Tevlin, Independent Budget Analyst Council Members